

# MARKET UPDATE

**06/03/2024**

## **Asia FX muted, dollar steadies.**

Most Asian currencies moved little on Wednesday, while the dollar steadied from recent losses as markets hunkered down in anticipation of more key cues on U.S. monetary policy.

Sentiment towards Asian markets also remained largely weak following middling economic signals from China. The region's largest economy set a 2024 gross domestic product target of 5%, the same as 2023, and offered scant cues on more policy support for the economy.

The Japanese yen firmed slightly below the 150 level, seeing some safe haven plays as broader financial markets, particularly stocks, tumbled on Tuesday. Focus was also on when the Bank of Japan could potentially begin raising interest rates.

## **Bitcoin pares losses, hovers around \$65k.**

Bitcoin pared a bulk of its losses in Asian trade on Wednesday, remaining within sight of a record high as steady capital flows into U.S. spot exchange-traded funds and anticipation of a "halving" event kept buyers in play.

The world's largest cryptocurrency was trading down 1.9% at \$66,022.9 by 00:41 ET (05:41 GMT), after hitting a record high of \$69,063 on Tuesday, according to Investing.com data.

The token had fallen almost immediately after hitting a peak, sinking as low as \$59,000 before paring its losses.

Gains in Bitcoin come amid consistent capital flows into the recently-approved spot ETFs in U.S. markets. Data released earlier this week showed U.S. crypto products seeing a fifth straight week of inflows, with Bitcoin products commanding the lion's shares of inflows.

The spot ETF approval appeared to have drawn a deluge of institutional investors into crypto.

Bitcoin was also buoyed by anticipation of a "halving" event in April, which will see the rate of generation of new Bitcoin being slashed in half, limiting fresh supply.

Bitcoin's highs mark a new record after November 2021. But in the interim, it had fallen drastically as the crypto industry was rattled by a string of high-profile frauds and bankruptcies.

## Oil rebounds as OPEC+ output cuts override China, US demand concerns.

Oil prices rebounded slightly on Wednesday after extended declines as signs of supply tightness amid output cuts by major producers overrode demand growth concerns in China and the U.S., the world's two biggest crude consumers.

Brent crude futures were up 27 cents to \$82.31 a barrel at 0745 GMT after falling in the previous four sessions, while U.S. West Texas Intermediate crude futures rose 36 cents to \$78.51 a barrel, after declining the past two days.

China's economic growth target for 2024 of around 5% set on Tuesday lacked big-ticket stimulus plans to prop up the country's struggling economy, which increased concerns that demand growth in the country may lag this year.

"The market wanted more details on how China intends to achieve its 5% growth target for 2024 and specifically was hoping to see further fiscal expansion to help meet the growth target," said Tony Sycamore, a market analyst at IG in Sydney.

Markets are looking ahead to U.S. Federal Reserve Chair Jerome Powell's semi-annual monetary policy testimony to Congress on Wednesday and Thursday and Friday's U.S. employment data, Sycamore said.

Friday's U.S. non-farm payrolls data is expected to show an increase of 200,000 jobs in February after surging 353,000 in January, according to a Reuters survey of economists.

Powell's comments and the jobs data could provide clearer direction on U.S. interest rates, and signs of a Fed cut would be seen as positive for the economy and oil demand.

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